

MINUTES OF MEETING OF COMMISSIONERS  
OF PUBLIC UTILITY DISTRICT NO. 3  
OF MASON COUNTY, WASHINGTON

The Commissioners of Public Utility District No. 3 of Mason County, Washington conducted a regular business meeting in the PUD 3 auditorium at 307 W. Cota Street in Shelton, Washington on Tuesday, April 20, 2010.

President Linda Gott called the meeting to order at 10:00 a.m. District officers present were Commissioners Thomas J. Farmer, Linda R. Gott and Bruce E. Jorgenson; Manager Wyla Wood; Finance Manager/Auditor Annette Creekpaum; Treasurer Sherry Speaks; and Attorney Robert Johnson.

PUD 3 employees in attendance were: Power Supply Analyst Diane Archer; E&O Assistant/Environmental Technician Season Eddings; Administrative Services Assistant Lynn Harvey; Power Supply & Energy Services Manager Jay Himlie; E & O Support Supervisor Mary McKay; Public Information & Governmental Relations Manager Joel Myer; Acting Human Resources Manager Ilene Olson; Engineering Manager Terry Peterson; Assistant Power Supply Manager Matt Samuelson; Operations Manager Bob Smith; Service Engineering Supervisor Brad Smotherman; and Assistant to the Manager Nancy Bolender (recorded minutes).

Members of the public in attendance were: Louis Cofoni of Shelton; John Komen of Shelton; Senior Member Relations Representative Jim Oakley of Energy Northwest; Financial Advisor Alan Dashen of DashenMusselman, Inc. (arrived at 10:03 a.m.); and Court Olson of OAC Services (arrived at 10:05 a.m.).

MODIFICATION AND/OR APPROVAL OF AGENDA

The agenda was approved with the addition of a 15-minute executive session, to review the performance of a public employee (RCW 42.30.110 (g)). The executive session will be item 13 on the agenda and no action will be taken by the commission.

CONSENT AGENDA

Ms. Gott reviewed the items listed on the consent agenda. Mr. Farmer moved, motion seconded by Mr. Jorgenson, to adopt the consent agenda. Following questions about various items, the MOTION PASSED UNANIMOUSLY.

By adopting the consent agenda, the following items were approved:

- A. Minutes of the April 7, 2010, joint commission workshop.  
Minutes of the April 13, 2010, regular commission meeting.
- B.\* Voucher Nos. 106445 through 106519 — \$ 2,550,824.27  
(Includes electronic funds transfer payment No. 330)
- C. Void accounts payable check for the week ending April 16, 2010, in the amount of \$2,232.50.

\* Vouchers audited and certified by the district auditing officer as required by RCW 42.24.080, and those expense reimbursement claims certified as required by RCW 42.24.090, have been recorded on a listing which has been made available to the board.

COMMENTS FROM THE PUBLIC

Ms. Gott welcomed those in attendance and stated that comments would be accepted throughout the meeting.

Mr. Cofoni commented on public perceptions of renewable energy. After asking people who were speaking out against the ADAGE biomass project, he said none of those he spoke with knew that hydropower was excluded from the state's renewable energy mandate or that biomass is considered a renewable option.

Mr. Jorgenson responded that he has found it is not uncommon that people don't know about Initiative 937's (The Energy Independence Act) exclusion of hydropower as a renewable resource.

Mr. Komen remarked on opposition that has arisen to the proposed ADAGE wood-burning power plant near Shelton. He expressed concern that a water line to extend municipal service to the proposed PUD 3 operations center on Johns Prairie will also benefit the power plant because it passes by Port of Shelton property.

Senior Member Relations Representative Jim Oakley of Energy Northwest (ENW) gave an update on various activities of the joint operating agency. He reported on the status of the relicensing of the Columbia Generating Station, a nuclear power plant located near the Tri-Cities. Energy Northwest is seeking a 20-year renewal of its operating license. He also reported the Packwood Hydroelectric Project has received a one-year extension of its operating license while a renewal is sought from the federal government and that the search for a new Chief Executive Officer for ENW continues.

Mr. Oakley informed the commissioners that ENW is working on the development of a 326 megawatt power plant in the Kalama area. The combined-cycle, natural gas fired power plant would cost between \$300 and \$400 million. Planned to be a state-of-the-art plant, it would be able to come on line within 20 minutes so that it can be used to firm wind resources, and is designed for both base load and wind shaping. He also noted that ENW is continuing to evaluate three proposed Oregon solar power projects; however, the potential loss of renewable energy tax credits from Oregon may impact the plans.

### ACTION ITEMS

Recommendation was made to authorize payment in the total amount of \$36,862.13 to Mason County for plan reviews for the proposed Johns Prairie operations center. This includes a check to the Mason County building department in the amount of \$35,832.13 for plan review and \$1,030 to Mason County environmental health (\$206 for each building) for health and water adequacy fees.

Mr. Farmer moved, motion seconded by Ms. Gott, to authorize payment in the total amount of \$36,862.13 which includes \$35,832.13 to Mason County building department and \$1,030 to Mason County environmental health for plan review fees. MOTION PASSED with Mr. Jorgenson voting no.

Recommendation was made to issue a request for statements of qualifications for testing and inspection services needed during the construction of the proposed Johns Prairie operations center. Testing and inspection work will be performed on various materials used in the building including but not limited to concrete, steel and steel welds. Once a selection is made from the qualifications submitted, a contract will be brought before the commissioners with a not-to-exceed fee.

Mr. Farmer moved, motion seconded by Ms. Gott, to issue a request for statements of qualifications for testing and inspection services required during the construction of the proposed Johns Prairie operations center. MOTION PASSED with Mr. Jorgenson voting no.

A final recommendation was made to issue a request for qualifications for a commissioning agent for the proposed Johns Prairie operations center. This individual will handle, among other things, the HVAC and energy and management control system reviews, building operations and maintenance training.

Ms. Gott moved, motion seconded by Mr. Farmer, to issue a request for qualifications for a commissioning agent for the proposed Johns Prairie operations center. MOTION PASSED with Mr. Jorgenson voting no.

It was noted that Mason County Code requires the PUD to have both a qualified testing and inspection agent and a commissioning agent for the project.

### DISCUSSION ITEMS

Mason County PUD No. 3 commissioners continued a discussion from the April 13<sup>th</sup> meeting about potential certification for the proposed Johns Prairie operations center under the Leadership in Energy & Environmental Design (LEED) program. Based on the current design for the operations center, it would qualify as a gold-level LEED building. Obtaining the certification would document and confirm that the new building is an environmentally sustainable project and document a commitment to energy efficiency. It is estimated that the certification process would cost approximately \$48,000.

LEED qualifications are based on accepted criteria from the U.S. Green Building Council for what represents an environmentally responsible building. Building owners can receive credits in seven general areas that result in one of four levels of certification: certified, silver, gold, or platinum.

The areas of evaluation include sustainable building sites and development; water efficiency; energy efficiency and atmosphere; materials and resources used in building; indoor environmental quality; innovation in design; and regional priorities.

Mrs. Wood stated that through a number of conservation measures and sustainable building practices nearly 50 percent of the added cost for those measures would be recovered within five years, with an estimated positive balance of \$1.2 million over the anticipated 50-year life of the building.

Mr. Dashen, who has served as financial advisor for the district's bond sales, gave an update on the bond market to the commissioners in anticipation of the June bond sale for several capital projects including the operations center, Mason substation rebuild, and the potential relocation of PUD facilities related to the 1.5 mile Belfair SR 3 improvement project. The amount of the bond sale is unknown at this time, but is expected to be less than \$50 million.

Mr. Dashen informed the commissioners that the PUD may be able to improve the economic benefits in its financing package by using "Build America Bonds," federal instruments that have been advanced as part of a national stimulus package. He also discussed the advantages of the PUD using "Clean Renewable Energy Bonds" for renewable power projects.

### STAFF REPORTS

Mr. Himlie informed the commission that a report on the conservation projects completed on schools in the PUD 3 service area will be provided and discussed at next Tuesday's commission meeting.

Mr. Himlie also pointed out that the displacement of hydropower by wind resources due to Initiative 937 requirements will require an increase in emissions due to the need to build plants that will firm up the wind resources such as the one planned in Kalama.

Mrs. Wood provided the commissioners with a copy of the American Public Power Association's "Payments and Contributions by Public Power Distribution Systems to State and Local Governments, 2008 Data."

In addition, the commissioners were provided a copy of a memorandum outlining the utility assistance funds received in 2009. Nearly \$422,000 was received with \$68,400 of that from Project Share.

#### COMMISSIONERS' REPORT

Mr. Farmer reported on various meetings he attended in the last week including the Tahuya Community Association, the Washington PUD Association and the Allyn Association. He noted he will be attending the Energy Northwest board of directors and executive board meetings this week in Richland.

Mr. Jorgenson stated that he had also attended the Washington PUD Association meetings last week, including the retirement celebration given in honor of the Association's Executive Director Steve Johnson. Mr. Jorgenson said no interviews for Mr. Johnson's replacement had occurred yet.

Ms. Gott reported on her attendance at the NoaNet board meeting on Wednesday, April 14<sup>th</sup>. She also reported on her participation in a tour of The Dalles and John Day dams and control stations on Monday, April 19<sup>th</sup>.

#### GOOD OF THE ORDER

Following a calendar review and good of the order, the regular meeting recessed at 11:33 a.m. for seven minutes and reconvened at 11:40 a.m.

Mr. Komen protested the commissioners holding an executive session to review the performance of a public employee.

The regular meeting adjourned at 11:45 a.m. and the following personnel met in a 15-minute executive session to review the performance of a public employee: Commissioners Farmer, Gott and Jorgenson; Manager Wyla Wood; Auditor Annette Creekpau; Attorney Robert Johnson; Acting Human Resources Manager Ilene Olson; Operations Manager Bob Smith and Assistant to the Manager Nancy Bolender.

The executive session adjourned at 12:00 p.m. at which time the regular meeting reconvened and the public was invited to re-join the meeting.

With no further business appearing, the regular meeting adjourned at 12:00 p.m.

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Linda R. Gott, President

ATTEST:

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Bruce E. Jorgenson, Vice President

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Thomas J. Farmer, Secretary